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Lender Update

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U.S. Small Business
Administration

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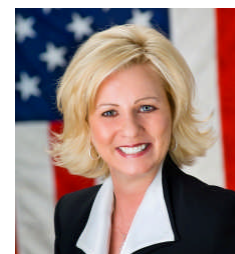
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*SBA – providing lenders the financial
advantage to keep West Virginia's
small business community on the
right course.*

*All SBA programs and services are
provided on a nondiscriminatory basis.*

Notes from the District Director 2008 Lender Rankings



Here we are moving in on the end of another fiscal year. It seems like just yesterday we closed out fiscal year 2007. A lot has happened since October 1, 2007; we've just completed our 2008 Small Business Week Awards Celebration in Charleston where our 2007 top lenders were honored; the new lending SOP 50 10 (5) is just about ready to launch; and the District Office increased our staff to better serve your needs.

I want to congratulate our top lenders through the third quarter of this fiscal year. BB&T leads the way with 39 SBA loan approvals; Huntington National Bank is right behind with 33 followed by Superior Financial Group with 19; First State Bank has 13; and JP Morgan Chase with 12. Overall lending is down compared to the same period last year so remember to consider using an SBA guaranty loan when your business clients need that all important capital. A complete ranking of 2008 SBA lending can be found off the WVDO Financing web page at: <http://www.sba.gov/localresources/district/ww/financing/index.html>

	Lender	Loans	\$ Amount
1	BB&T	39	\$5,229,200
2	Huntington National Bank	33	\$1,049,300
3	Superior Financial Group	19	\$152,500
4	First State Bank	13	\$1,526,000
5	JP Morgan Chase	12	\$721,400

I want to conclude with a reminder to be on the lookout for some good small businesses and small business champions to nominate for one of our 2009 Small Business Week awards. The nomination process will begin in July and run through November 28, 2008. Check our web site and watch your email for complete details.

Have a safe and happy summer!

Judy K. McCauley
District Director
West Virginia District Office

August 1 Is The New SOP 50 10 (5) Effective Date

The SBA's loan policy governing 7(a) and 504 loan programs was completely re-written in March of 2008 and made available for comment and review prior to the formal effective date. During this review period, numerous questions and comments have been received and as a result, the SBA has made some technical corrections to clarify the SOP. The effective date for the new policy is now set for August 01, 2008.

The full set of revisions and clarifications can be found under the For SBA Lenders section on the Financing page of the West Virginia web site (<http://www.sba.gov/localresources/district/wv/financing/index.html>).

To review the SOP 50 10(5) in its entirety follow this link:

<http://www.sba.gov/tools/resourcelibrary/sops>

Remember, you can send suggestions or comments regarding these policies to: SOP50-10Modernization@sba.gov

New SBA Revised Loan Processing SOP 50-10

Q. What's new in the new 50 10?

A. There are no major policy changes in this version of the SOP, as SBA has continued to update the existing 50 10 by periodically publishing new policy notices over the past few years, but this version includes some minor modification to existing policies. A list of specific changes can be found on our web site at:

http://www.sba.gov/idc/groups/public/documents/wv/clarksburg/wv_sba_022593.pdf

Q. When will the new SOP be posted on SBA's web site?

A. It was posted on March 19th 2008 at www.sba.gov/tools/resourcelibrary/sops, but it will not take effect until August 1, 2008.

Q. How can lenders or development companies contact SBA with issues or questions?

A. Contact the SBA personnel at the numbers listed below or by email at: thomas.white@sba.gov; emma.wilson@sba.gov; or david.manley@sba.gov.

Here are a few of the technical changes that may be of interest:

Eligibility

- Deleted "agricultural enterprises" from the list of loans not eligible for CLP processing

Refinancing

- Clarified policy regarding refinancing if the debt is not now current or has not been current within the past 36 months

- Further clarified debt refinancing procedures for PLP, SBA Express and Pilot Loan Programs regarding changes of ownership and existing SBA guaranteed debt

Change in Ownership

- Clarified language when change in ownership is allowable use of proceeds
- Clarified business valuation language on changes of ownership
- Clarified the language concerning seller-financing

Fees

- Corrected language concerning lender servicing fees to be consistent with regulation
- Clarified the language regarding extraordinary servicing fees

Appraisal and Environmental issues

- Revised the language regarding appraisal requirements to conform to USPAP
- Revisions to language regarding changes in ownership
- Defined 'qualified source' for business evaluations
- Added business valuation requirement where there is a close relationship between the buyer and seller
- Various additions and revisions to the environmental assessment policy

Questions or concerns? Please contact:

Tom White at (304) 623-5631 ext. 233; **Emma Wilson** at (304) 347-5220; or **David Manley** at (304) 623-5631 ext. 231

Small Businesses Benefit from 2008 Economic Stimulus Act

Businesses that bought assets, or are planning to do so, in 2008 can benefit from the same legislation that is delivering payments to individuals this year.

The **Economic Stimulus Act of 2008** increased the maximum amount of depreciation



under section 179 of the federal tax code from \$128,000 to \$250,000 for 2008. It also raised the section 179 phase-out

limit, formerly \$510,000 for this year to \$800,000. Section 179 depreciation provides a way for businesses to recover quickly some of the costs of certain property purchases, such as equipment.

The law also reinstates 50 percent special depreciation, also known as bonus depreciation, for much of the country. This special depreciation entitles taxpayers to depreciate 50 percent of the cost or other basis during the year for an asset placed into service in 2008 and depreciates the remaining cost or basis over the asset's normal life.

Some states do not follow the special depreciation rules and the tax provisions and the tax provisions' most effective use will depend on the taxpayers' circumstances. Small businesses should consult their tax advisors.

The **Economic Stimulus Payments Information Center** on the [IRS's website](http://www.irs.gov/newsroom/article/0,,id=177937,00.html) at <http://www.irs.gov/newsroom/article/0,,id=177937,00.html> is the best source of Economic Stimulus information from the IRS.

The SBA has created an online tax savings resource center to help small businesses understand how they can benefit from the 2008 economic stimulus package signed into law by the President earlier this year. SBA's new tax savings resource center, found at www.sba.gov/stimulus, contains three resources: a fact sheet, a depreciation calculator and an online seminar. These resources should help small businesses take advantage of the stimulus package.

Patriot Express Anniversary

SBA celebrated the first anniversary of the

Patriot Express loan program in June. The program is offered to military community members who are interested in owning or expanding their own small business.

Veterans, service disabled veterans, Reservists, National Guard members, active duty service members in the Transition Assistance

Patriot Express loans have been made to several different types of businesses in West Virginia, including:

- Retail Store
- Print Shop
- Trucking Company
- Contractor
- Travel Agency
- Funeral Home
- IT Company
- Aircraft Testing
- Restaurant
- Grocery Store
- Machine Shop

Average **Patriot Express** loan amount = **\$123,654**

Program, current spouses, and widowed spouses of veterans who died in service or from a service-connected disability are eligible.

Patriot Express gives you, the lender, access to expedited paperwork, increased maximum loan

size to \$500,000, and a larger guarantee (75 to 85 percent). It also provides lenders a vehicle to support the military men and women during and after their continuing commitment to protect our country from threats and terrorists.

Nationally, the SBA's Patriot Express program has approved more than \$150 million in loan guarantees to nearly 1,500 veterans and their spouses. West Virginia lenders have approved 14 Patriot Express loans as of the end of June for just over \$1.6 million.

For more information on Patriot Express, contact Tom White (thomas.white@sba.gov) at (304) 623-5631 ext. 233.

SBA Providing Disaster Assistance

Following the announcement of the Presidential disaster declaration in West Virginia for several counties affected by severe storms, tornadoes, flooding, mudslides and landslides on June 3 - 7, the SBA is providing disaster assistance to businesses and home owners whose property was damaged or destroyed as a result of the disaster.



Businesses of any size and private non-profit organizations may borrow up to \$1.5 million to repair or replace damaged or destroyed real estate, machinery and equipment, inventory, and other business assets.

SBA also offers small businesses the Economic Injury Disaster Loan to help meet working capital needs caused by the disaster. Economic Injury Disaster Loan assistance is available regardless of whether the business suffered any physical property damage.

Disaster loans up to \$200,000 are available to homeowners to repair or replace damaged or destroyed real estate. Homeowners and renters are eligible for up to \$40,000 to repair or replace damaged or destroyed personal property.

To be considered for all forms of disaster assistance, victims must first contact the Federal Emergency Management Agency (FEMA) at 1-800-621-3362. Additional details can be obtained from the SBA by calling the SBA Customer Service Center at 1-800-659-2955 or by email at disastercustomerservice@sba.gov.

The filing deadline for physical property damage is **August 19, 2008** and for economic injury, **March 17, 2009**. For a copy of Disaster

News Release 08-487, visit the SBA West Virginia web site at www.sba.gov/wv and select the June 2008 West Virginia Disaster Declaration under the Spotlight section.

Reminder – For SBA Lenders Web Site

The West Virginia District Office maintains a For SBA Lenders section at the bottom of our Financing web page (<http://www.sba.gov/localresources/district/wv/financing/index.html>). This special section is designed to keep the West Virginia lending community informed and up-to-date on items pertaining to SBA loan programs.

Please let us know if you would like to see additional items in this area. You can call or email Dave Manley (304-623-5631 ext. 231 – email: david.manley@sba.gov) with your recommendations.

Lender Training

The West Virginia District Office is offering training to lenders across West Virginia who does not currently participate in SBA lending programs or have been inactive in SBA lending for the past few years. Our lender relations specialists can meet with you and help develop an SBA lending program within your organization. We can provide your commercial lending department one-on-one training at your location. If you are interested, please contact either Tom White at (304) 623-5631 ext. 233 (thomas.white@sba.gov) or Emma Wilson at (304) 347-5220 (emma.wilson@sba.gov) to schedule your session.

Small Business Week 2008 and 2007 Lender Awards Celebration

The 2008 Small Business Week Awards Celebration was held this past June 5 at the Cultural Center in Charleston, W.Va. Approximately 150 small businesses, lenders and resource partners attended the event which was hosted by the West Virginia Chamber of Commerce. The 2007 Top SBA Lenders were presented with their top honors as was the 2008 Financial Services Champion, Stephanie Ellingson from Huntington National Bank. The West Virginia 2008 Small Business Person of the Year was Harry M. Siegel, president of HMS TECHNOLOGIES, INC. in Martinsburg, W.Va.

2007 Lender of the Year Huntington National Bank



(l-r) Jim Pitrolo, Judy McCauley, Clayton Rice, and Steve Roberts.

2007 Community Bank of the Year First State Bank



(l-r) Jim Pitrolo, Judy McCauley, Osten Mathisen, and Steve Roberts

2008 Financial Services Champion Stephanie Ellingson



(l-r) Jim Pitrolo, Judy McCauley, Stephanie Ellingson, and Steve Roberts